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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

SECURITIES AND EXCHANGE COMMISSION

RECEIVED

JUN 6 2013

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

OMB APPROVAL

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hours per response.....12.00

SEC File Number

8-66379

DIVISION OF TRADING & MARKETS

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

Report for the period beginning 01/01/12 and ending 12/31/12

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Centara Capital Securities, Inc.

Official Use Only

Firm ID No.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do not use P.O. Box No.):
4747 Executive Drive, Suite 450

(No. and Street)

San Diego
(City)

CA
(State)

92121
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS
REPORT: Eduardo Lombardi (619)398-1700

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
DeMarco Sciacotta Wilkens & Dunleavy, LLP

(Name - if individual, state last, first, middle name)

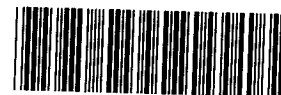
1211 W. 22nd Street, Suite 110

(No. and Street)

Oak Brook
(City)

Illinois
(State)

60523
(Zip Code)



13014586

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant, not resident in United States or any of its possessions

FOR OFFICIAL USE ONLY

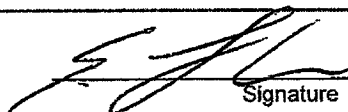
*Claims for exemption from the requirement that the annual report covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2)

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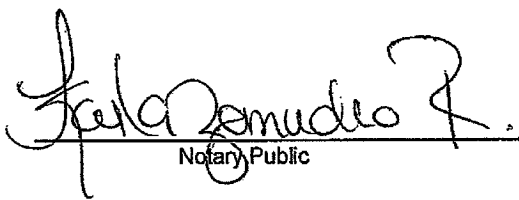
OATH OR AFFIRMATION

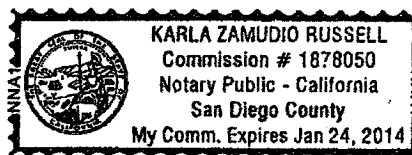
I, **Eduardo Lombardi**, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statement and supporting schedules pertaining to the firm of Centara Capital Securities, Inc. as of December 31, 2012, are true and correct. I further swear (or affirm) that neither the Company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except, as follows:

None.


Signature

Managing Director
Title


Notary Public



This report** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c-3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c-3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

** For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

CENTARA CAPITAL SECURITIES, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Centara Capital Securities, Inc.

Report on the Financial Statement

We have audited the accompanying statement of financial condition of Centara Capital Securities, Inc. (the Company) as of December 31, 2012 and the related statements of income, changes in shareholder's equity and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Centara Capital Securities, Inc. as of December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in the supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in the supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

DeMarco Sciacotta Wilkerson & Dunleavy LLP

Oak Brook, Illinois
February 15, 2013

CENTARA CAPITAL SECURITIES, INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2012

ASSETS

Cash and cash equivalents	<u>\$ 146,368</u>
TOTAL ASSETS	<u>\$ 146,368</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

LIABILITIES

Accounts payable, accrued expenses and other liabilities	<u>\$ 15,917</u>
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SHAREHOLDER'S EQUITY

Common stock, no par value; authorized 10,000 shares; issued and outstanding 5,000 shares	\$ 10,000
Additional paid-in capital	445
Retained earnings	<u>120,006</u>
Total Shareholder's Equity	<u>\$ 130,451</u>

TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u>\$ 146,368</u>
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The accompanying notes are an integral part of these financial statements.

CENTARA CAPITAL SECURITIES, INC.

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2012

REVENUE

Commissions and concessions	\$ <u>318,824</u>
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EXPENSES

Compensation and related benefits	\$ 51,912
Commission expense	114,527
Clearing and execution	155
Occupancy	14,820
Professional fees	33,720
Other operating expenses	<u>36,616</u>

Total Expenses	\$ <u>251,750</u>
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NET INCOME	\$ <u>67,074</u>
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The accompanying notes are an integral part of these financial statements.

CENTARA CAPITAL SECURITIES, INC.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

YEAR ENDED DECEMBER 31, 2012

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Shareholder's Equity</u>
Balance- Beginning of Year	\$ 10,000	\$ 445	\$ 117,964	\$ 128,409
Distribution To Parent			(65,032)	(65,032)
Net Income			<u>67,074</u>	<u>67,074</u>
BALANCE-END OF YEAR	<u>\$ 10,000</u>	<u>\$ 445</u>	<u>\$ 120,006</u>	<u>\$ 130,451</u>

The accompanying notes are an integral part of these financial statements.

CENTARA CAPITAL SECURITIES, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2012

Cash Flows from Operating Activities	
Net Income	\$ 67,074
Adjustments:	
Decrease in accounts payable	<u>(4,620)</u>
Net Cash Flow Provided (Used) by Operating Activities	<u>\$ 62,454</u>
Net Cash Flow Provided (Used) by Investing Activities	<u>\$ -</u>
Net Cash Flow Provided (Used) by Financing Activities - Distribution to Parent	<u>\$ (65,032)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (2,578)</u>
Cash and Cash Equivalents Balance at December 31, 2011	<u>\$ 148,946</u>
Cash and Cash Equivalents Balance at December 31, 2012	<u><u>\$ 146,368</u></u>

The accompanying notes are an integral part of these financial statements.

CENTARA CAPITAL SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization - Centara Capital Securities, Inc. (the "Company"), a wholly-owned subsidiary of Centara Capital Group, Inc., was incorporated in the State of California on April 17, 2003. The Company is registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority (FINRA). The Company's principal business activity is the sale of securities. Operations began July 2004.

Securities Transactions - Commission revenue and related expense arising from securities transactions are recorded on a trade date basis, which is the same business day as the transaction date.

Concentrations of Credit Risk - The Company is engaged in various brokerage activities in which the counterparties primarily include broker/dealers, banks, other financial institutions and the Company's own customers. In the event the counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

In addition, the Company's cash is on deposit at two financial institutions and the balance at times may exceed the federally insured limit. The Company believes it is not exposed to any significant credit risk to cash.

Cash Equivalents - For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months that are not held for sale in the ordinary course of business.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CENTARA CAPITAL SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - *(Continued)*

Subsequent Events - The Company evaluated all significant events or transactions that occurred through the audit report date, the date these financial statements were available to be issued.

NOTE 2 - RELATED PARTY TRANSACTIONS

As previously mentioned, the Company is wholly-owned by Centara Capital Group, Inc. ("CCG")

The Company is also affiliated through common ownership and management with various other entities including Centara Capital Management Group, Inc. ("CCMG"), a registered investment advisor; Centara Capital Consulting, Inc.; Three One Capital, LLC; Ellis Opportunity Fund, LP; EquityKey Real Estate Investments, LP; Centara Alternative Advisors, LLC; Centara Alternative Investments, LP; EK Investments, LP and Centara Real Estate Services, Inc.

Pursuant to an agreement, amended and effective September 1, 2009, CCMG has provided office space, administrative and clerical services to the Company. On January 3, 2011, the Company amended this agreement for monthly payments of \$6,827. The payments were allocated as follows:

	<u>Year Ended</u> <u>December 31, 2012</u>
Compensation & related benefits	\$ 51,912
Occupancy	14,820
Other	<u>15,192</u>
Total	<u>\$ 81,924</u>

During the year ended December 31, 2012, the Company incurred an additional \$118,154 for commissions paid by affiliates on its behalf. At December 31, 2012, the Company owed CCMG \$6,827.

CENTARA CAPITAL SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

NOTE 3 - INCOME TAXES

The Company and its parent corporation, Centara Capital Group, Inc. (CCG) have elected S Corporation status for income tax purposes. Income taxes are therefore the responsibility of the individual shareholders of CCG.

The Company accounts for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as interest/other expense. The Company is no longer subject to examination by tax authorities for federal, state or local income taxes for periods before 2009.

NOTE 4 - NET CAPITAL REQUIREMENTS

As a registered broker/dealer and member of the Financial Industry Regulatory Authority, the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 1500%. At December 31, 2012, the Company's net capital and required net capital were \$130,451 and \$50,000 respectively. The ratio of aggregate indebtedness to net capital was 12%.

NOTE 5 - OFF-BALANCE-SHEET RISK AND CLEARING AGREEMENT

The Company enters into various transactions involving derivatives and other off-balance sheet financial instruments. These financial instruments could include exchange-traded and over the counter options. These derivative financial instruments are used to meet the needs of customers.

Since the Company enters into the foregoing transactions involving derivatives and other off-balance sheet financial instruments solely for the benefit of its customers, the Company does not bear any of the credit or market risk of those customers, with the exception of the risk to the Company should its customers fail to honor their obligations related to the foregoing derivatives and other off-balance sheet financial instruments, as mentioned below.

CENTARA CAPITAL SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

NOTE 5 - OFF-BALANCE-SHEET RISK AND CLEARING AGREEMENT - *(Continued)*

In order to facilitate these, as well as other securities transactions on behalf of its customers, the Company, in July 2006, entered into an agreement with another broker/dealer (Initial Introducing Broker/dealer) and the Initial Introducing Broker/dealer's clearing broker/dealer (Clearing Broker/dealer) whereby the Company forwards (introduces) customer securities transactions to the Clearing Broker/dealer, through the Initial Introducing Broker/dealer, fully disclosing the customer name and other information. The processing and, if applicable, any financing pertaining to the introduced securities transactions is performed by the Clearing Broker/dealer. The customer account is therefore maintained and recorded in the books and records of the Clearing Broker/dealer on the Company's behalf. In consideration for introducing customers to the Clearing Broker/dealer, the Company receives commissions and other consideration, less the processing and other charges of the Initial Introducing Broker/dealer and the Clearing Broker/dealer. As part of the terms of these agreements, the Company is held responsible for any losses arising when the customers introduced by the Company to the Clearing Broker/dealer fail to meet their contractual commitments pertaining to the purchase, sale and possible financing of securities transactions. The Company may therefore be exposed to off-balance-sheet risk in the event the customer is unable to fulfill its contracted obligations and it is necessary for the Clearing Broker/dealer to purchase or sell the securities at a loss. The Company's exposure to risk would consist of the amount of the loss realized on the purchase or sale and any additional expenses incurred pertaining to the transaction or other customer activity.

The agreement with the Clearing Broker/dealer was terminated in 2012.

NOTE 6 - SUBSEQUENT EVENT

Subsequent to year end, the Company received a Letter of Acceptance, Waiver and Consent from FINRA settling alleged rule violations. In addition, the Company agreed to pay a monetary sanction of \$20,000.

SUPPLEMENTARY INFORMATION

NOTE: The Company is exempt from the provisions of SEC Rule 15c3-3 pursuant to subparagraph k(2)(ii) of that rule and therefore the Computation for Determination of the Reserve Requirements under Exhibit A of Rule 15c3-3 and the Information Relating to the Possession or Control Requirements under Rule 15c3-3 have not been provided.

CENTARA CAPITAL SECURITIES, INC.

COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS

DECEMBER 31, 2012

COMPUTATION OF NET CAPITAL

Total shareholder's equity \$ 130,451

NET CAPITAL \$ 130,451

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital requirement (6 2/3%
of total aggregate indebtedness) \$ 1,061

Minimum dollar net capital requirement \$ 50,000

Net capital requirement \$ 50,000

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities \$ 15,917

Percentage of Aggregate Indebtedness to
Net Capital

12%

NOTE: There are no material differences between the computations
above and the computations included in the Company's
corresponding unaudited Form X-17A-5 Part IIA filing.

INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL

Board of Directors
Centara Capital Securities, Inc.

In planning and performing our audit of the financial statements of Centara Capital Securities, Inc., (the Company), as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in the internal control that might be material weaknesses. However, our study and evaluation disclosed that a lack of segregation of functions exists. Although this condition may be considered to be a material weakness in internal control, it is a common condition in entities of this size. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of Centara Capital Securities, Inc. for the year ended December 31, 2012 and this report does not affect our report thereon dated February 15, 2013.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2012, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, the Commodities Futures Trading Commission, the National Futures Association and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

DeMarco Sciacca, William J. Sciacca LLP

Oak Brook, Illinois
February 15, 2013